

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY	)	
WATER DISTRICT FOR APPROVAL TO	)	CASE NO.
REFINANCE REVENUE BONDS IN THE	)	2003-00404
APPROXIMATE AMOUNT OF \$24,020,000	)	

ORDER

On October 28, 2003, Northern Kentucky Water District (“Northern District”) applied to the Commission for approval to issue bonds in the principal amount of \$24,020,000. Northern District estimates that its Water District Revenue Bonds, Series of 2003 C (“2003 C Revenue Bonds”) will have a 17-year term with interest rates varying from 1.00 to 4.31 percent per annum.

On December 2, 2003, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), moved the Commission for full intervenor status in this action.

The bond proceeds will be used to refinance (1) the 1995 United States Department of Agriculture Bonds (“USDA Bonds”), Series of 1993 A in the approximate amount of \$1,550,000; (2) the USDA Bonds, Series of 1995 A in the approximate amount of \$13,865,000; and (3) the USDA Bonds, Series of 1995 B in the approximate amount of \$5,875,000 (collectively “Outstanding USDA Bonds”). Northern District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$1,249,447 and \$914,659, respectively. In its application, Northern

District states that it will submit a revised debt service schedule in Case No. 2003-00224<sup>1</sup> to reflect refinancing the Outstanding USDA Bonds.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Northern District's proposal to issue the 2003 C Revenue Bonds as described herein, for the purpose of refinancing the Outstanding USDA Bonds, is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. The Attorney General's motion for intervention is granted.
2. Northern District is authorized to issue the 2003 C Revenue Bonds to refinance the Outstanding USDA Bonds but only under such terms and conditions that will produce both positive gross savings and net present value savings.
3. If the actual terms and conditions of the 2003 C Revenue Bonds differ from those set forth in the application, Northern District shall, within 30 days of issuing the bonds authorized in this proceeding, file with the Commission in this proceeding and in Case No. 2003-00224, amortization schedules and workpapers showing the actual gross savings and net present value savings that result from the refinancing of the Outstanding Revenue Bonds.

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<sup>1</sup> Case No. 2003-00224, Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds.

4. Northern District shall, within 30 days of issuing the bonds authorized herein, file with the Commission a statement in this proceeding setting forth the date the bonds were issued, the actual interest rates, and the principal amount.

5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

6. Northern District shall file in Case No. 2003-00224 a revised Exhibit A of the application, Schedule of Projected Total Debt Service following Issuance of Case No. 2003-00224 Revenue Bonds that reflects the refinancing of the Outstanding USDA Bonds.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency as to the securities authorized herein.

Done at Frankfort, Kentucky, this 10<sup>th</sup> day of December, 2003.

By the Commission

ATTEST:

  
Executive Director